

Message Text

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ACTION LAB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

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P 120900Z JAN 76

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC PRIORITY 6508

UNCLAS SECTION 1 OF 2 STOCKHOLM 0126

PASS SECRETARY OF LABOR

E.O. 11652: N/A

TAGS: ELAB, SW

SUBJECT: REQUEST FOR INFORMATION ON CONSTRUCTION INDUSTRY: SWEDEN

REF: 75 STATE 301380

1. SWEDEN HAS BEEN PIONEER IN DEVELOPING
SOPHISTICATED MANPOWER POLICY WHICH RELIES ON RAPID AND
FLEXIBLE USE OF SELECTIVE MEASURES TO MAINTAIN GEOGRAPHIC
AND OCCUPATIONAL BALANCE BETWEEN MANPOWER SUPPLY AND DE-
MAND AND TO MINIMIZE SEASONAL AND CYCLICAL FLUCTUATIONS.
THESE MEASURES APPLY TO CONSTRUCTION INDUSTRY AS WELL.
PARLIAMENT FIXES MINIMUM LEVEL OF BUILDING CREDITS AVAILABLE
ANNUALLY, BUT GOVERNMENT MAY RAISE LEVEL IF EMPLOYMENT
SITUATION WARRANTS. HOUSING AUTHORITIES (NATIONAL BOARD OF
BUILDING AND PLANNING) AND VARIOUS PUBLIC UTILITY AGENCIES
COOPERATE WITH LABOR MARKET BOARD (AMS) IN ALLOCATING
CONSTRUCTION FUNDS TO REGIONS, BASING DECISIONS ON BOTH
NEEDS AND EMPLOYMENT REQUIREMENTS. COUNTY LABOR MARKET
BOARDS WORK WITH LOCAL EMPLOYER AND UNION ORGANIZATIONS,
MUNICIPALITIES AND COUNTY COUNCILS IN COLLECTION OF DATA ON
AMOUNT OF CONSTRUCTION PLANNED AND IN PROGRESS AND MANPOWER
INVOLVED. IN ADDITION, COUNTY BOARDS MAKE QUARTERLY FORE-
CASTS OF BUILDING ACITIVITY IN THEIR REGION FOR COMING

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YEAR. COUNTY BOARDS ALSO CONTROL ISSUANCE OF BUILDING

PERMITS, RECOMMEND WHEN WORK IS TO BE STARTED, PHASE TIME SCHEDULE FOR WORK, ESTIMATE NUMBER OF WORKERS REQUIRED, AND DETERMINE AGE DISTRIBUTION. LAST-NAMED FEATURE IS TO CREATE WORK OPPORTUNITIES THAT WILL BE OPEN TO AND SHARED BY OLDER WORKERS.

2. BUILDING INDUSTRY HAS FACED STEADILY DECLINING MARKET DURING 1970S AND BOTH NUMBER OF COMPANIES AND NUMBER OF EMPLOYEES HAVE DIMINISHED. RISING PRODUCTIVITY HAS ALSO CONTRIBUTED TO THESE CONDITIONS. NUMBER OF WORKERS IN CONSTRUCTION INDUSTRY HAS GONE DOWN FROM 370,000 IN 1970 TO 290,500 IN 1975. MOST WHO HAVE LEFT INDUSTRY HAVE EITHER RETIRED OR GONE INTO MANUFACTURING WHICH HAS ENJOYED HIGH LEVEL OF ECONOMIC ACTIVITY DURING THIS PERIOD. UNDER THESE CIRCUMSTANCES, LABOR MARKET MEASURES HAVE PLAYED KEY ROLE IN KEEPING BUILDING WORKERS ALMOST FULLY EMPLOYED (ONLY 2.9 PERCENT WERE WITHOUT JOBS DURING FIRST 10 MONTHS OF 1975). FOLLOWING IS PARTIAL LIST OF MEASURES TAKEN TO INCREASE CONSTRUCTION EMPLOYMENT IN 1975-76:

- (1) BUILDING PERMITS ARE BEING GRANTED FOR NON-PRIORITY CONSTRUCTION BY COUNTY LABOR MARKET BOARDS AND CENTRAL GOVERNMENT IS APPROVING ALL APPLICATIONS FOR PROJECTS COSTING MORE THAN SKR. 6 MILLION (ONE DOLLAR EQUALS 4.3 SW. KRONOR);
- (2) RELIEF WORK PROJECTS ARE BEING STARTED IN COMMUNITIES WHERE CONSTRUCTION UNEMPLOYMENT IS HIGH;
- (3) EARLIER STARTS ARE BEING PLANNED FOR CENTRAL GOVERNMENT AND MUNICIPAL PROJECTS (INCLUDING SCHOOL AND ROAD CONSTRUCTION) IN AREAS OF LOW BUILDING EMPLOYMENT;
- (4) AMS CONTRIBUTIONS FOR CONSTRUCTION OF CHILD CARE FACILITIES HAVE BEEN RAISED;
- (5) AMS CONTRIBUTIONS FOR RENOVATION OF PUBLIC AUDITORIUMS AND COMMUNITY CENTERS HAVE BEEN INCREASED;
- (6) FUNDS ARE BEING RELEASED FOR ENERGY SAVING INSTALLATIONS IN PUBLIC BUILDINGS;
- (7) EXPENDITURES FROM INVESTMENT FUNDS (SEE PARA. 8 BELOW) AND WORK ENVIRONMENT FUND ARE BEING APPROVED FOR NEW BUILDING BY PRIVATE INDUSTRY;

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- (8) BUILDING PERMITS HAVE BEEN GRANTED FOR CONSTRUCTION OF 10,000 PRIVATELY FINANCED SINGLE-FAMILY HOUSES.

3. EMBASSY IS IN PROCESS OF ASSEMBLING ADDITIONAL MATERIAL RESPONSIVE TO SECTIONS I AND II OF REFTEL. THESE WILL BE FORWARDED SOONEST POSSIBLE BY AIRMAIL TO SECRETARY OF LABOR.

4. ONLY PRODUCTIVITY STATISTICS AVAILABLE FOR CONSTRUCTION

INDUSTRY RELATE TO LABOR PRODUCTIVITY. A RECENT STUDY PREPARED BY BUILDING CONTRACTORS ASSOCIATION AND QUOTED IN OFFICIAL REPORTS CONCLUDES THAT PRODUCTIVITY OF BUILDING WORKERS (E.G., BRICKLAYERS, MASONS, CARPENTERS AND UNSKILLED WORKERS) ENGAGED MAINLY IN LARGE RESIDENTIAL CONSTRUCTION PROJECTS (APARTMENT BUILDINGS) ROSE ABOUT 5 PERCENT PER YEAR BETWEEN 1950 AND 1965, ACCELERATED TO ABOUT 6 PERCENT ANNUALLY 1965-67 AND TO ALMOST 9 PERCENT PER YEAR 1967-71. FOR WHOLE PERIOD 1965-71, AN AVERAGE ANNUAL RATE OF PRODUCTIVITY INCREASE OF 8 PERCENT WAS REGISTERED. RATE IS EXPECTED TO DECLINE TO SLIGHTLY LESS THAN 4 PERCENT FOR REMAINDER OF 1970'S. (PRODUCTIVITY MEASUREMENT USED IS CUBIC METERS OF COMPLETED PROJECT IN RELATION TO NUMBER OF MAN-HOURS.) STUDY POINTS OUT THAT DURING PERIOD 1967-71 ABOUT 1 PERCENT OF PRODUCTIVITY GAIN WAS DUE TO INCREASE IN NUMBER OF LARGE-SCALE PROJECTS AND ANOTHER 0.7 PERCENT WAS RESULT OF SHIFT TO USE OF PREFABRICATED ELEMENTS. REMAINDER THEREFORE REPRESENTED BASIC RISING TREND IN PRODUCTIVITY. BASED ON OTHER COMPARISONS, STUDY SUGGESTS THAT LABOR PRODUCTIVITY IN ALL FORMS OF BUILDING CONSTRUCTION HAS INCREASED AT ABOUT SAME RATE AS IT HAS IN RESIDENTIAL HOUSING.

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TO SECSTATE WASHDC PRIORITY 6509

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PASS SECRETARY OF LABOR

5. ANOTHER MEASURE OF RISING PRODUCTIVITY OVER PAST TWENTY-FIVE YEARS IS FOLLOWING PROVIDED BY AMS AND SHOWS NUMBER

OF MAN-HOURS REQUIRED TO BUILD A 3-ROOM APARTMENT OF
ABOUT 80 SQUARE METERS:

1950 -1,500 HOURS
1955 -1,000 HOURS
1960 - 700 HOURS
1965 - 400 HOURS
1975 - 280 HOURS

6. DECREASES IN UNEMPLOYMENT AS RESULT OF AMS JOB PROMOTION PROGRAMS IN CONSTRUCTION INDUSTRY (INCLUDING WORK RELIEF PROJECTS) IS SHOWN BELOW THROUGH COMPARISON OF NUMBERS EMPLOYED DURING 1975 UNDER SUCH PROGRAMS AND REGISTERED UNEMPLOYED: (EMPLOYMENT FIGURES ARE APPROXIMATE SINCE THERE IS NO WAY TO DETERMINE HOW MANY BUILDING PROJECTS WOULD HAVE BEEN STARTED WITHOUT AMS INTERVENTION.)

	FEBRUARY	MAY	AUG.	NOV.
EMPLOYED	23,987	20,495	14,384	15,761
UNEMPLOYED	5,724	2,820	2,813	4,039

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7. SWEDISH MANPOWER PHILOSOPHY IS NOT PARTICULARLY COST ORIENTED. IT RESTS ON FUNDAMENTAL BELIEF THAT FULL EMPLOYMENT IS POLITICAL AND SOCIAL NECESSITY BUT MAKES ECONOMIC SENSE AS WELL. COSTS ARE THEREFORE SECONDARY CONSIDERATION. PERHAPS AS CONSEQUENCE, NO ATTEMPT HAS BEEN MADE TO ASSESS SAVINGS OF MANPOWER PROGRAMS IN TERMS OF LOWER EXPENDITURES FOR UNEMPLOYMENT BENEFITS AND WELFARE. WHEN THIS QUESTION WAS POSED TO AMS OFFICIAL, HE STRESSED HUMAN AND SOCIAL COSTS OF UNEMPLOYMENT BUT ALSO JUSTIFIED MANPOWER PROGRAMS IN ECONOMIC TERMS BY POINTING TO LOSSES IN GNP CAUSED BY IDLE WORKERS.

8. USE OF TAX OR OTHER ECONOMIC INCENTIVES TO PRIVATE CONSTRUCTION INDUSTRY TO COUNTERACT SEASONALITY HAS BEEN USED TO LIMITED EXTENT. GOVERNMENT ENCOURAGES PRIVATE ENTERPRISE TO SET ASIDE DURING GOOD YEARS 40 PERCENT OF A COMPANY'S PRETAX PROFITS IN AN INVESTMENT FUND TO BE USED AT TIMES OF ECONOMIC DECLINE. TAX CONCESSIONS PROVIDE INCENTIVE FOR FIRMS TO PARTICIPATE VOLUNTARILY. USE OF SUCH FUNDS PRODUCED CLOSE TO 4,500 JOBS IN FEBRUARY 1975. A SPECIAL SUBSIDY TO PROMOTE RENOVATION OF OLD HOUSES CREATED ABOUT 3,200 JOBS ALSO IN FEBRUARY 1975. SPECIAL SUBSIDIES IN 1975 FOR IMPROVEMENT OF WORKING ENVIRONMENT YIELDED ABOUT 260 JOBS IN SAME PERIOD.
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